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DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-121]

Difluoromethane (R-32) from the People's Republic of China: Preliminary Affirmative Determination of Sales at Less Than Fair Value and Postponement of Final Determination

AGENCY: Enforcement and Compliance, International Trade Administration, Department of Commerce.

SUMMARY: The Department of Commerce (Commerce) preliminarily determines that Difluoromethane (R-32) from the People's Republic of China (China) is being, or is likely to be, sold in the United States at less than fair value (LTFV). The period of investigation (POI) is July 1, 2019 through December 31, 2019. Interested parties are invited to comment on this preliminary determination.

DATES: Applicable August 20, 2020.

FOR FURTHER INFORMATION CONTACT: Joshua Tucker or William Miller, AD/CVD Operations, Office II, Enforcement and Compliance, International Trade Administration, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-2044 or (202) 482-3906, respectively.

SUPPLEMENTARY INFORMATION:

Background

This preliminary determination is made in accordance with section 733(b) of the Tariff Act of 1930, as amended (the Act). Commerce published the notice of initiation of this

investigation on February 24, 2020.¹ On June 8, 2020, Commerce postponed the preliminary determination of this investigation and the revised deadline is now August 20, 2020.² For a complete description of the events that followed the initiation of this investigation, *see* the Preliminary Decision Memorandum.³ A list of topics included in the Preliminary Decision Memorandum is included as Appendix II to this notice. The Preliminary Decision Memorandum is a public document and is on file electronically via Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). ACCESS is available to registered users at <https://access.trade.gov>, and to all parties in the Central Records Unit, room B8024 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly at <http://enforcement.trade.gov/frn/>. The signed and the electronic versions of the Preliminary Decision Memorandum are identical in content.

Scope of the Investigation

The product covered by this investigation is difluoromethane (R-32) from China. For a complete description of the scope of this investigation, *see* Appendix I.

Scope Comments

In accordance with the preamble to Commerce's regulations,⁴ the *Initiation Notice* set aside a period of time for parties to raise issues regarding product coverage (scope).⁵ No party

¹ *See Difluoromethane (R-32) from the People's Republic of China: Initiation of Less-Than-Fair-Value Investigation*, 85 FR 10406 (February 24, 2020) (*Initiation Notice*).

² *See Difluoromethane {sic} (R-32) from the People's Republic of China: Postponement of Preliminary Determination in the Less-Than-Fair-Value Investigation*, 85 FR 34707 (June 8, 2020).

³ *See* Memorandum, "Decision Memorandum for the Preliminary Determination in the Less-Than-Fair-Value Investigation of Difluoromethane (R-32) from the People's Republic of China," dated concurrently with, and hereby adopted by, this notice (Preliminary Decision Memorandum).

⁴ *See Antidumping Duties; Countervailing Duties, Final Rule*, 62 FR 27296, 27323 (May 19, 1997).

⁵ *See Initiation Notice*, 85 FR at 10407.

commented on the scope of the investigation. Thus, Commerce has not modified the scope language as it appeared in the *Initiation Notice*.

Methodology

Commerce is conducting this investigation in accordance with section 731 of the Act. Commerce has calculated export prices in accordance with section 772(a) of the Act. Because China is a non-market economy, within the meaning of section 771(18) of the Act, Commerce has calculated normal value (NV) in accordance with section 773(c) of the Act.

In addition, Commerce has relied on facts available under section 776(a) of the Act to determine the cash deposit rate assigned to the China-wide entity. Furthermore, pursuant to sections 776(a) and (b) of the Act, because the China-wide entity did not cooperate to the best of its ability in responding to Commerce's requests for data, Commerce preliminarily has relied upon facts otherwise available, with adverse inferences, for the China-wide entity. For a full description of the methodology underlying Commerce's preliminary determination, *see* the Preliminary Decision Memorandum.

Combination Rates

In the *Initiation Notice*,⁶ Commerce stated that it would calculate exporter/producer combination rates for the respondents that are eligible for a separate rate in this investigation. Policy Bulletin 05.1 describes this practice.⁷ For a list of the respondents that established

⁶ *See Initiation Notice*, 85 FR at 10409.

⁷ *See* Enforcement and Compliance's Policy Bulletin No. 05.1, regarding, "Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations Involving Non-Market Economy Countries," (April 5, 2005) (Policy Bulletin 05.1), available on Commerce's Web site at <http://enforcement.trade.gov/policy/bull05-1.pdf>.

eligibility for their own separate rates and the exporter/producer combination rates applicable to these respondents, *see* Appendix III.

Preliminary Determination

Commerce preliminarily determines that the following estimated weighted-average dumping margins exist:

Producer	Exporter	Estimated Weighted-Average Dumping Margin (percent)
Taizhou Qingsong Refrigerant New Material Co., Ltd.	Taizhou Qingsong Refrigerant New Material Co., Ltd.	161.49
Zibo Feiyuan Chemical Co., Ltd.	Zibo Feiyuan Chemical Co., Ltd.	221.06
Zibo Feiyuan Chemical Co., Ltd.	T.T. International Co., Ltd.	221.06
Producers Supplying the Non-Individually-Examined Exporters Receiving Separate Rates (<i>see</i> Appendix III)	Non-Individually Examined Exporters Receiving Separate Rates (<i>see</i> Appendix III)	196.19
China-Wide Entity		221.06

Suspension of Liquidation

In accordance with section 733(d)(2) of the Act, Commerce will direct U.S. Customs and Border Protection (CBP) to suspend liquidation of subject merchandise as described in the scope of the investigation section entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the *Federal Register*, as discussed below. Further, pursuant to section 733(d)(1)(B) of the Act and 19 CFR 351.205(d), Commerce will instruct

CBP to require a cash deposit equal to the weighted average amount by which NV exceeds U.S. price, as indicated in the chart above as follows: (1) for the producer/exporter combinations listed in the table above, the cash deposit rate is equal to the estimated weighted-average dumping margin listed for that combination in the table; (2) for all combinations of Chinese producers/exporters of merchandise under consideration that have not established eligibility for their own separate rates, the cash deposit rate will be equal to the estimated weighted-average dumping margin established for the China-wide entity; and (3) for all third-country exporters of merchandise under consideration not listed in the table above, the cash deposit rate is the cash deposit rate applicable to the Chinese producer/exporter combination (or the China-wide entity) that supplied that third-country exporter.

These suspension of liquidation instructions will remain in effect until further notice.

Disclosure

Commerce intends to disclose to interested parties the calculations performed in connection with this preliminary determination within five days of its public announcement or, if there is no public announcement, within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b).

Verification

As provided in section 782(i)(1) of the Act, Commerce intends to verify information relied upon in making its final determination.

Public Comment

Case briefs or other written comments may be submitted to the Assistant Secretary for Enforcement and Compliance no later than seven days after the date on which the last verification report is issued in this investigation. Rebuttal briefs, limited to issues raised in case

briefs, may be submitted no later than seven days after the deadline date for case briefs.⁸

Pursuant to 19 CFR 351.309(c)(2) and (d)(2), parties who submit case briefs or rebuttal briefs in this investigation are encouraged to submit with each argument: (1) a statement of the issue; (2) a brief summary of the argument; and (3) a table of authorities.

Pursuant to 19 CFR 351.310(c), interested parties who wish to request a hearing, limited to issues raised in the case and rebuttal briefs, must submit a written request to the Assistant Secretary for Enforcement and Compliance, U.S. Department of Commerce, within 30 days after the date of publication of this notice. Requests should contain the party's name, address, and telephone number, the number of participants, whether any participant is a foreign national, and a list of the issues to be discussed. If a request for a hearing is made, Commerce intends to hold the hearing at a time and date to be determined. Parties should confirm by telephone the date, time, and location of the hearing two days before the scheduled date.

Parties are reminded that briefs and hearing requests are to be filed electronically using ACCESS and that electronically filed documents must be received successfully in their entirety by 5 p.m. Eastern Time on the due date. Note that Commerce has temporarily modified certain of its requirements for serving documents containing business proprietary information, until further notice.⁹

Final Determination

Section 735(a)(2) of the Act provides that a final determination may be postponed until not later than 135 days after the date of the publication of the preliminary determination if, in the event of an affirmative preliminary determination, a request for such postponement is made by

⁸ See 19 CFR 351.309; *see also* 19 CFR 351.303 (for general filing requirements).

⁹ See *Temporary Rule Modifying AD/CVD Service Requirements Due to COVID-19; Extension of Effective Period*, 85 FR 41363 (July 10, 2020).

exporters who account for a significant proportion of exports of the subject merchandise, or in the event of a negative preliminary determination, a request for such postponement is made by the petitioners. Pursuant to 19 CFR 351.210(e)(2), Commerce requires that requests by respondents for postponement of a final AD determination be accompanied by a request for extension of provisional measures from a four-month period to a period not more than six months in duration.

On August 13 and 14, 2020, Taizhou Qingsong Refrigerant New Material Co., Ltd. (Taizhou Qingsong), Zibo Feiyuan Chemical Co., Ltd. (Zibo Feiyuan), and Arkema Inc. (the petitioner), requested that Commerce postpone the final determination and that provisional measures be extended to a period not to exceed six months.¹⁰ In accordance with section 735(a)(2)(A) of the Act and 19 CFR 351.210(b)(2)(ii), because: (1) the preliminary determination is affirmative; (2) the requesting exporters account for a significant proportion of exports of the subject merchandise; and (3) no compelling reasons for denial exist, Commerce is postponing the final determination and extending the provisional measures from a four-month period to a period not greater than six months. Accordingly, Commerce will make its final determination no later than 135 days after the date of publication of this preliminary determination.

International Trade Commission Notification

In accordance with section 733(f) of the Act, Commerce will notify the International Trade Commission (ITC) of its preliminary determination of sales at LTFV. If the final

¹⁰ See Taizhou Qingsong's and Zibo Feiyuan's Letter, "Less-Than-Fair Value Investigation of Difluoromethane (R-32) from the People's Republic of China: Request for Extension of Final Determination and Provisional Measures," dated August 13, 2020; and Petitioner's Letter, "Difluoromethane (R-32) from the People's Republic of China: Petitioner's Request to Postpone Final Determination," dated August 14, 2020.

determination is affirmative, the ITC will determine before the later of 120 days after the date of this preliminary determination or 45 days after the final determination whether imports of the subject merchandise are materially injuring, or threaten material injury to, the U.S. industry.

Notification to Interested Parties

This determination is issued and published in accordance with sections 733(f) and 777(i)(1) of the Act and 19 CFR 351.205(c).

Dated: August 20, 2020.

Joseph A. Laroski Jr.,
Deputy Assistant Secretary
for Policy and Negotiations.

Appendix I

Scope of the Investigation

The merchandise covered by this investigation is difluoromethane (R-32), or its chemical equivalent, regardless of form, type or purity level. R-32 has the Chemical Abstracts Service (CAS) registry number of 75-10-5 and the chemical formula CH_2F_2 . R-32 is also referred to as difluoromethane, HFC-32, FC-32, Freon-32, methylene difluoride, methylene fluoride, carbon fluoride hydride, halocarbon R32, fluorocarbon R32, and UN 3252. Subject merchandise also includes R-32 and unpurified R-32 that are processed in a third country or the United States, including, but not limited to, purifying or any other processing that would not otherwise remove the merchandise from the scope of this investigation if performed in the country of manufacture of the in-scope R-32. R-32 that has been blended with products other than pentafluoroethane (R-125) is included within this scope if such blends contain 85% or more by volume on an actual percentage basis of R-32. In addition, R-32 that has been blended with any amount of R-125 is included within this scope if such blends contain more than 52% by volume on an actual percentage basis of R-32. Whether R-32 is blended with R-125 or other products, only the R-32 component of the mixture is covered by the scope of this investigation. The scope also includes R-32 that is commingled with R-32 from sources not subject to this investigation. Only the subject component of such commingled products is covered by the scope of this investigation.

Excluded from the current scope is merchandise covered by the scope of the antidumping order on hydrofluorocarbon blends from the People's Republic of China. *See Hydrofluorocarbon Blends from the People's Republic of China: Antidumping Duty Order*, 81 FR 55436 (August 19, 2016) (the *Blends Order*).

R-32 is classified under Harmonized Tariff Schedule of the United States (HTSUS) subheading 2903.39.2035. Other merchandise subject to the current scope, including the abovementioned blends that are outside the scope of the *Blends Order*, may be classified under 2903.39.2045 and 3824.78.0020. The HTSUS subheadings and CAS registry number are provided for convenience and customs purposes. The written description of the scope of the investigation is dispositive.

Appendix II

List of Topics Discussed in the Preliminary Decision Memorandum

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Appendix III

List of Separate Rate Companies

Exporter	Producer
Non-Individually Examined Exporters Receiving Separate Rates	Producers Supplying the Non-Individually- Examined Exporters Receiving Separate Rates
Icool International (Hong Kong) Limited	Changshu 3F Zhonghao New Chemical Materials Co., Ltd.
Icool International (Hong Kong) Limited	Zhejiang Zhiyang Chemical Co., Ltd.
Icool International (Hong Kong) Limited	Taizhou Huasheng New Refrigeration Material Co., Ltd.
Icool International (Hong Kong) Limited	Zhejiang Lishui Fuhua Chemical Co., Ltd.
Icool International (Hong Kong) Limited	Zibo Feiyuan Chemical Co., Ltd.
Icool International (Hong Kong) Limited	Jiangsu Meilan Chemical Co., Ltd.
Icool International (Hong Kong) Limited	Taizhou Qingsong Refrigerant New Material Co., Ltd.
Icool International (Hong Kong) Limited	Zhejiang Sanmei Chemical Industry Co., Ltd.
Icool International (Hong Kong) Limited	Shandong Huaan New Material Co., Ltd.
Icool International (Hong Kong) Limited	Liaocheng Fuer New Materials Technology Co., Ltd.
Icool International (Hong Kong) Limited	Ruyuan Dongyangguang Fluorine Co., Ltd.
Icool International (Hong Kong) Limited	Shandong Xinlong Science Technology Co., Ltd.
Icool International (Hong Kong) Limited	Linhai Limin Chemicals Co., Ltd.
Icool International (Hong Kong) Limited	Dongyang Weihua Refrigerants Co., Ltd.
Icool International (Hong Kong) Limited	Zhejiang Fulai Refrigerant Co., Ltd.
Icool International (Hong Kong) Limited	Zhejiang Guomao Industrial Co., Ltd.
Icool International (Hong Kong) Limited	Zhejiang Yonghe Refrigerant Co., Ltd.
Icool International (Hong Kong) Limited	Shanghai Aohong Chemical Co., Ltd.
Ninhua Group Co., Ltd.	Changshu 3F Zhonghao New Chemical Materials Co., Ltd.
Ninhua Group Co., Ltd.	Zhejiang Zhiyang Chemical Co., Ltd.
Ninhua Group Co., Ltd.	Taizhou Huasheng New Refrigeration Material Co., Ltd.
Ninhua Group Co., Ltd.	Zhejiang Lishui Fuhua Chemical Co., Ltd.
Ninhua Group Co., Ltd.	Zibo Feiyuan Chemical Co., Ltd.
Ninhua Group Co., Ltd.	Jiangsu Meilan Chemical Co., Ltd.
Ninhua Group Co., Ltd.	Taizhou Qingsong Refrigerant New Material Co., Ltd.
Ninhua Group Co., Ltd.	Zhejiang Sanmei Chemical Industry Co., Ltd.
Ninhua Group Co., Ltd.	Shandong Huaan New Material Co., Ltd.

Ninhua Group Co., Ltd.	Liaocheng Fuer New Materials Technology Co., Ltd.
Ninhua Group Co., Ltd.	Ruyuan Dongyangguang Fluorine Co., Ltd.
Ninhua Group Co., Ltd.	Shandong Xinlong Science Technology Co., Ltd.
Ninhua Group Co., Ltd.	Linhai Limin Chemicals Co., Ltd.
Ninhua Group Co., Ltd.	Dongyang Weihua Refrigerants Co., Ltd.
Ninhua Group Co., Ltd.	Zhejiang Fulai Refrigerant Co., Ltd.
Ninhua Group Co., Ltd.	Zhejiang Guomao Industrial Co., Ltd.
Ninhua Group Co., Ltd.	Zhejiang Yonghe Refrigerant Co., Ltd.
Ninhua Group Co., Ltd.	Shanghai Aohong Chemical Co., Ltd.
Shandong Huaan New Material Co., Ltd.	Shandong Huaan New Material Co., Ltd.
T.T. International Co., Ltd.	Sinochem Lantian Fluoro Materials Co., Ltd.
T.T. International Co., Ltd.	Zhejiang Sanmei Chemical Industry Co., Ltd.
T.T. International Co., Ltd.	Shandong Huaan New Material Co., Ltd.
Zhejiang Sanmei Chemical Ind. Co., Ltd.	Jiangsu Sanmei Chemical Ind. Co., Ltd.
Zhejiang Sanmei Chemical Ind. Co., Ltd.	Fujian Qingliu Dongying Chemical Co., Ltd.

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